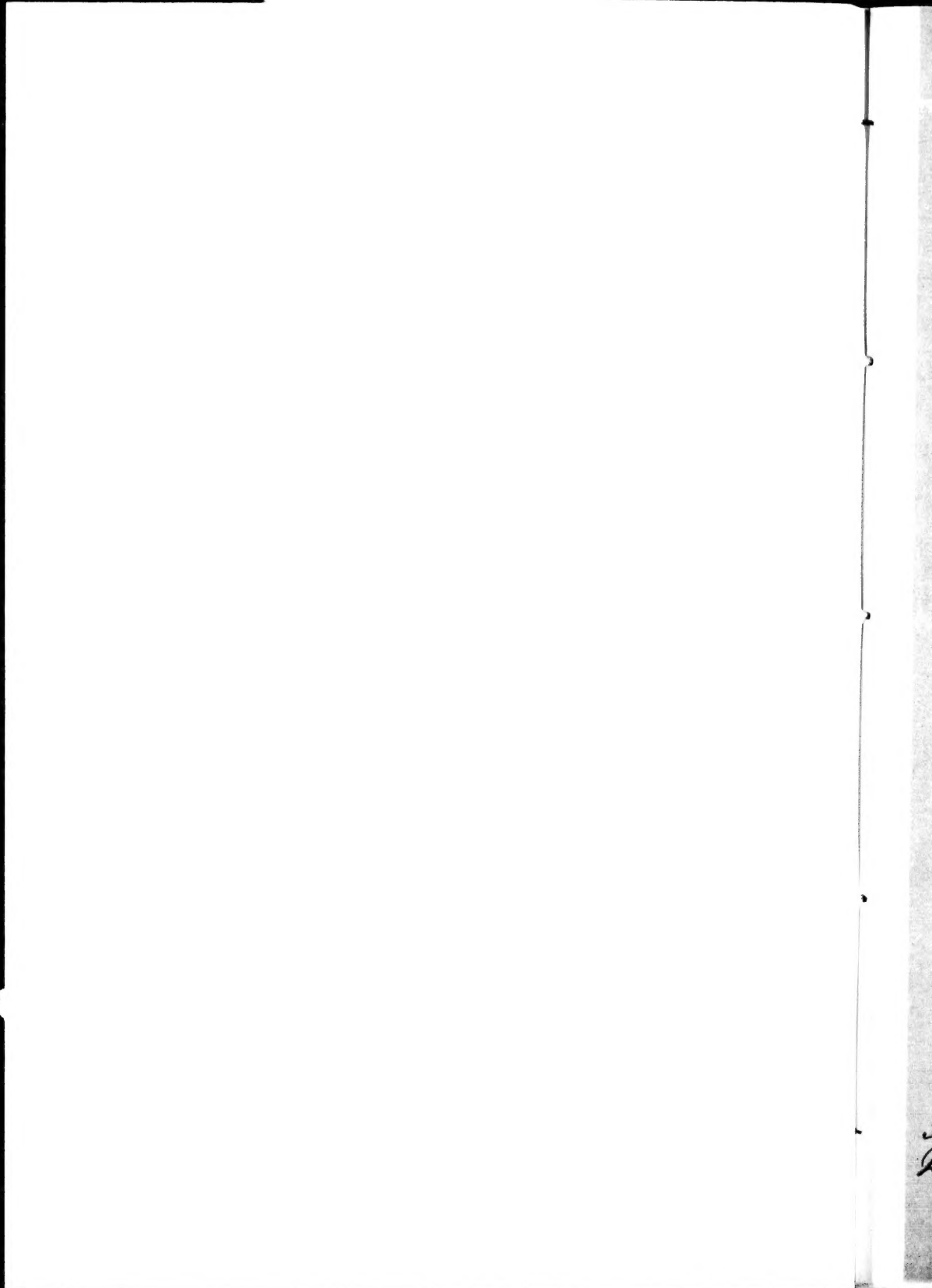




THE CANADIAN PACIFIC RAILWAY COMPANY.

LAND BONDS

INDENTURE OF MORTGAGE.

THE COMPANY

TO

THE HON GEORGE EULAS FOSTER,

THE HON. JOHN JOSEPH CALDWELL ABBOTT

AND

RICHARD BLADWORTH ANGUS, Esquire,

Trustees.

£3,093,700.

2ND JUNE, 1888.

*To accompany my letter of 12 August 1896
to the Secretary of State
G. W. M. Black*



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1888

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This Indenture, made the Second day of June, one thousand eight hundred and eighty-eight, between the Canadian Pacific Railway Company, a body corporate and politic, duly incorporated by Letters Patent under the Great Seal of the Dominion of Canada, hereinafter called "The Company," and represented herein by Sir George Stephen, Baronet, its President, and Charles Drinkwater, its Secretary, of the first part; the Honourable George Eulas Foster, of the City of Ottawa, Minister of Finance for the Dominion of Canada, the Honourable John Joseph Caldwell Abbott, of the city of Montreal, Senator, and Richard Bladworth Angus, of the same place, Esquire, hereinafter called "the Trustees," of the second part, and Her Majesty the Queen, acting in respect of the Dominion of Canada, hereinafter called "the Government," and represented herein by the Honourable John Henry Pope, Minister of Railways and Canals, of the third part ;

WHEREAS, by virtue of an Act of the Parliament of Canada, forty-fourth Victoria, chapter one, and in consideration of the construction of its railway in pursuance of the contract therein referred to, the Company has become entitled to a grant from the Crown in fee simple of twenty-five million acres of the public lands of Canada, to be selected, located and conveyed to the Company, as

stated in the said contract; and having sold ten million sixty-five thousand seven hundred and sixty-two acres of such lands, is now entitled to fourteen million nine hundred and thirty-four thousand two hundred and thirty-eight acres, the residue thereof;

AND WHEREAS the Company being thereto duly authorized, did create a first mortgage on the said lands in order to secure an issue of land grant bonds to the amount of twenty-five million dollars, but has since retired and paid off such of the said land grant bonds as were sold, save and except bonds amounting to the sum of three million four hundred and sixty-three thousand dollars, which are still outstanding in the hands of the public and unpaid.

AND WHEREAS, by an Act of the Parliament of Canada passed at its last session, and entitled "An Act respecting a certain agreement between the Government of Canada and the Canadian Pacific Railway Company," the Government is authorized to guarantee the payment of interest until maturity at three and one-half per centum per annum on bonds or inscribed stock of the Company, to be issued to an amount not exceeding fifteen million dollars or its equivalent in sterling money, the principal to be payable not later than fifty years from their date, and the principal and interest to be secured, as herein provided for, by a mortgage on said lands, subject first to the payment of the said outstanding land grant bonds.

AND WHEREAS, by the said last mentioned Act, the Government is also authorized to assume and pay the principal of the said fifteen million dollars of bonds or inscribed stock, provided that a fund sufficient for that purpose be first created by payments to be made to the Government out of the proceeds of the sales of the said

lands or from other sources in the manner hereinafter specified.

AND WHEREAS at a special general meeting of the shareholders of the Company duly called for that purpose and held at Montreal on the ninth day of May, one thousand eight hundred and eighty-eight, it was resolved to make an issue of bonds, to the extent of fifteen million dollars or its equivalent in sterling money, payable at fifty years from the date of issue, with interest at the rate of three and one-half per centum per annum, payable half-yearly, and that if the Directors should decide that it was expedient to issue inscribed stock instead of bonds either in whole or in part of the said amount, then that might be done.

AND WHEREAS the Directors of the Company have duly decided to issue bonds and inscribed stock in the manner hereinafter provided, amounting in the aggregate to three million ninety-three thousand seven hundred pounds sterling, and have resolved to execute this mortgage in order to secure the said bonds and inscribed stock so to be issued as aforesaid, the issue of such bonds and inscribed stock and the creation of this mortgage being authorized by the said last mentioned act.

AND WHEREAS at an adjournment of the said special general meeting of the Company duly called for that purpose and held at Montreal on the thirtieth day of May, one thousand eight hundred and eighty-eight, it was resolved that the Company should avail itself of the guarantee and undertaking of the Government in respect of the said bonds and inscribed stock so to be issued as aforesaid; and a draft of this indenture and of the form of bond hereinafter set out having been submitted to such meeting it was duly sanctioned and adopted; and whereas

this indenture and the said form of bond conform in all respects to the said draft.

AND WHEREAS, the form of this Indenture has also been submitted to and approved by the Governor-in-Council, as required by the said last mentioned Act ; and the Governor-in-Council has also sanctioned and approved of the said issue being in the form of bonds and inscribed stock, as hereinafter set forth ;

AND WHEREAS, it is intended that the Trustees shall, pursuant to the said Act, hold their title to the said lands under this Indenture as security for the payment of the principal and interest of all the bonds and inscribed stock which may be issued after the execution of these presents to the extent and in the manner hereinafter described, and that the guarantee and undertaking of the Government as contemplated by the said last mentioned Act shall relate and apply to the said bonds and inscribed stock to be hereafter issued, as aforesaid ; and that such guarantee and undertaking shall be evidenced by the execution of these presents by the Government ;

AND WHEREAS, the recitals hereinbefore contained are made as representations and statements of fact by the Company to the other parties of this Indenture ;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that the Company, in consideration of the premises, and of one dollar, to it in hand paid, the receipt whereof is hereby acknowledged ; and in order to secure, as hereinafter provided, the payment of the principal and the interest of the bonds and inscribed stock, so to be issued as aforesaid, doth hereby grant, bargain, sell and convey to the Trustees, their heirs and assigns, and to their successors in office, all and singular, the right, title and interest of the Company, in and to the said fourteen million

nine hundred and thirty-four thousand two hundred and thirty-eight acres of land, together with all and singular the tenements, hereditaments and appurtenances, to the same, or any part thereof, belonging or in anywise appertaining; and all the estate, right, title, interest, property, possession, claim, and demand, whatsoever, as well in law as in equity, which the Company now has, or is entitled to, or shall or may hereafter acquire, or become entitled to, in, to, or concerning the said lands, and each and every part and parcel thereof, with the appurtenances thereof; the whole, however, subject to the charge created thereon, as aforesaid, by way of security for the said outstanding balance of the Land Grant Bonds of the Company. To have and to hold unto and to the use of the Trustees, their heirs and assigns, and to their successor or successors in the place and stead of such heirs and assigns, if such successor or successors be appointed under the terms and conditions hereof.

In trust, nevertheless, to and for the use and purpose of securing and enforcing payment of the said bonds and inscribed stock, so to be issued as aforesaid, and interest thereon, in the manner and according to the terms stated in the following articles, and with the powers therein described, that is to say :—

ARTICLE FIRST—The issue of bonds and inscribed stock to be secured by these presents shall be in the aggregate three million ninety-three thousand seven hundred pounds sterling, and may be of bonds or of inscribed stock, or partly of one and partly of the other. All the bonds, and, in the first instance, all the inscribed stock, to be dated on the first day of July, one thousand eight hundred and eighty-eight, the principal on both bonds and inscribed stock wherever issued to be due and payable on the first day of July, one thousand nine hundred

and thirty-eight, and the interest thereon to be payable until that day, at the rate aforesaid, on the first day of the months of January and July in each and every year after the issue thereof.

At any time or times, and from time to time after the issue of the said bonds and inscribed stock to the aggregate amount aforesaid, any part of the said issue, whether bonds or inscribed stock, may be exchanged and a new issue of inscribed stock to the same amount may be substituted therefor, in the name of the former holder or his assignee; any bond so exchanged to be forthwith cancelled. And in the same way any such substituted inscribed stock may be exchanged, in whole or in part, for new inscribed stock of the same amount, and when exchanged shall be cancelled; and on all substituted stock the principal shall be payable on the first day of July, A.D. 1938, and the interest thereon, from the issue thereof till that day, shall be at the rate aforesaid, and payable half-yearly as above mentioned.

The security created by this indenture and by the guarantee and undertaking of the Government as aforesaid, to apply to all such substituted inscribed stock, as well as to the original issue of bonds or inscribed stock for which it may be substituted.

ARTICLE SECOND—If any of the said issue shall be bonds, they shall be in the following form, countersigned by the agents of the Company in London, England, and shall be payable to, and available by, the holder thereof, as specified in such form; that is to say:



DOMINION OF CANADA.
CANADIAN PACIFIC RAILWAY.
LAND BOND.

Total Issue, £3,093,700 Sterling.

Interest guaranteed by the Dominion of Canada.

£

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No.

THE CANADIAN PACIFIC RAILWAY COMPANY promises to pay to the bearer, for value received, the sum of pounds sterling money of Great Britain, on the first day of July, 1938, at the counting house of Messrs. Baring Brothers & Co., in the city of London, England, with interest at the rate of three and one-half per centum per annum, payable at the same place on the first days of January and July in each year, on the presentation and surrender of the interest coupons hereto annexed, as they severally become due.

This bond is part of an issue of bonds and inscribed stock issued under an act of the Parliament of Canada, passed at its session in 1888, and amounting together to £3,093,700 sterling, the bonds being of the respective denominations of £1,000, £500 and £100, the whole issue of bonds and inscribed stock being secured by a deed of mortgage bearing date the second day of June, 1888, duly executed by the said Company to the Honourable George Eulas Foster, the Honourable John Joseph Caldwell Abbott, and Richard Bladworth Angus, Esquire, and their successors as Trustees, of all the right, title and interest which the Company now has, or shall hereafter acquire, in and to fourteen million, nine hundred and thirty-four thousand, two hundred and thirty-eight acres

of the public lands of the Dominion of Canada, forming part of the subsidy of such public lands granted by the Government of Canada, in aid of the construction of the said Railway, and to which the Company is now entitled, the whole as more particularly described in the said deed of mortgage; subject to a former mortgage securing land grant bonds to the extent of twenty-five million dollars of which all the bonds sold have been paid and satisfied except to the amount of 3,463,000 dollars.

Under authority of the said act the Government of Canada guarantees, the interest which shall become due on the said issue until the principal matures at the end of fifty years from the date hereof, with the further provision that after satisfaction of the said outstanding land grant bonds, the Government shall receive, from time to time, the net proceeds of the sale of the said lands, and that the Company may, at its option, pay over also other moneys to the Government, the whole to constitute a fund to be set apart and held by the Government exclusively for the purpose of satisfying the principal of the said issue of bonds and inscribed stock of which this forms a part; and that as soon as the aggregate amount of the said fund in the hands of the Government shall equal the principal of the said issue then outstanding, then the Company may pay into the said fund also a sum sufficient to cover the interest, if any, up to that time, and thereupon the Government shall assume and pay all interest which shall thereafter become due on the said bonds and inscribed stock, as well as the principal thereof at maturity.

This bond may be exchanged for inscribed stock by surrendering it to Messrs. Baring Brothers & Co., the agents of the Company in London, on which surrender the bearer hereof will be entitled to a certificate of in-

scribed stock to the same amount and bearing the same rate of interest as this bond; and on such surrender this bond shall be cancelled.

Inscribed stock may be at any time exchanged in whole or in part for inscribed stock to the same amount as that surrendered, the principal of the substituted stock being payable on the 1st July, 1938, and the interest from the date of issue till that date to be at the rate of three and one-half per centum per annum and payable half-yearly on the days above mentioned—all substituted inscribed stock being secured as fully as the bonds and inscribed stock originally issued.

IN WITNESS WHEREOF, the Canadian Pacific Railway Company has caused to be set hereto the signatures of Sir George Stephen, its President, and Charles Drinkwater, its Secretary, this first day of July, A.D. 1888.

Countersigned and certified by

Agents of the Company in London

And the coupons may be in the form following, that is to say:—

INTEREST COUPON.

THE CANADIAN PACIFIC RAILWAY COMPANY

Will pay the bearer, on the first day of
pounds sterling, at the counting house

of Messrs. Baring Brothers & Co. in London, being half-yearly interest on bond No.

Secretary.

ARTICLE THIRD—If any of the said issue shall be, in the first instance, of inscribed stock, it shall be for such respective amounts as shall be duly allotted to applicants by Messrs. Baring Brothers and Company, as agents of the Company in London, England, and a certificate for each of such amounts shall be issued and signed by the said firm, as agents as aforesaid, on a form which shall show that the principal thereof will mature and be payable on the first day of July, 1938, and that until maturity the interest thereon will be payable half yearly, on the first days of January and July in each year, at the rate of three and one-half per centum per annum, and stating that it forms part of the said issue of £3,093,700 sterling, and thereupon the inscribed stock specified in such certificate shall become part of the issue of three million ninety-three thousand seven hundred pounds sterling, secured by these presents; and the said agents shall keep a register at their office in London of all such inscribed stock as may be so allotted in the first instance, as well as of all inscribed stock, which may at any time thereafter be substituted either for bonds or inscribed stock, as hereinbefore provided for.

The signature of the President and of the Secretary, or of either of them, or of any other official of the Company, to any bond or any coupon, may be either written or engraved, but the signature of the said agents, either on the said bonds or on certificates of inscribed stock, is required to be in writing.

ARTICLE FOURTH—Except where the context requires a different meaning, the word "bond" in the following articles shall be taken to include inscribed stock, and the word "bondholder" shall be taken to include a holder of inscribed stock.

ARTICLE FIFTH—As soon as conveniently practicable after the date hereof, the Company shall cause to be carefully valued and appraised all and singular the said lands, in convenient sections, divisions or parcels, for the sale thereof, and shall cause to be made in triplicate a full and accurate list and description of said lands, containing opposite each section, division or parcel, the value put upon the same, which appraisement shall be subject to the approval of the Government of Canada. And such appraisement may, with the consent of the Government, be from time to time revised, altered and corrected. And one of such triplicates shall be delivered to the Government, and one to the Trustees; as also a statement of all corrections made therein from time to time as hereinbefore provided. And the Company may at any time in its discretion, contract for the sale of any section, division, or parcel, of the lands so appraised, at a price not less than the appraised value thereof, according to the last preceding statement made, approved and deposited, as aforesaid, and shall be entitled to have such section, division or parcel of said lands conveyed to the person contracting for the purchase thereof, and released from the lien hereof, upon the payment to the Trustees of the purchase money of the same and interest thereon, if any shall be payable. But until such appraisement has been made and approved as aforesaid, the Company may proceed with the sale of the lands hereby conveyed, or intended so to be, at such prices as have already been approved by the Trustees of the said land grant bonds.

Any of the lands aforesaid may be sold as above pro-

vided, wholly or partly on credit; provided that in any such case the purchaser or purchasers shall not receive a conveyance until the purchase money has been paid in full to the Trustees, together with interest, if any be payable; but may have a contract in evidence of his or their purchase; unless for any special reason it shall be expedient in the judgment of the Trustees, to accept from such purchaser or purchasers a mortgage and covenant as herein-after mentioned; in which case the Trustees may release the said premises to the purchaser or purchasers, upon receiving the cash portion of such purchase money, and his or their personal covenant for the payment of the unpaid purchase money, in instalments or otherwise, within such period from the date of such purchase as the Trustees shall determine, with interest thereon payable half-yearly; and a proper mortgage upon the premises so released and conveyed to secure the performance of such covenant. But, until the said outstanding land grant bonds shall be paid off, the proceeds of land sales and the unpaid price of all lands heretofore sold shall be applied to their redemption, and shall be received for that purpose by the Trustees of the mortgage securing the same; and in that case, the Trustees hereunder shall join with the said Trustees in any release, conveyance or discharge of the lands sold, for the purpose of releasing and discharging such lands from the effect of this mortgage, provided that after the said outstanding land grant bonds shall have been paid off the Company shall be entitled to receive from the Trustees all interest which may be collected on unpaid purchase money, in order to apply the same on interest as it shall mature on the bonds intended to be secured by these presents, subject to the provisions of article eighth.

ARTICLE SIXTH.—For the purposes of granting, and releasing from the lien of these presents, such of the

lands and premises aforesaid, as shall be sold in conformity with these presents, the Trustees, or any one or more of them, as the case may be, may appoint a suitable person to act in the case of absence as their or his agent and attorney; the name of such agent and attorney to be, however, submitted to, and approved by the Company, except where such an appointment is made by a trustee being a Minister of the Crown, in which case the appointment shall be subject to the approval of the Governor-in-Council and not to that of the Company. And all instruments executed and acts done by any agent and attorney, so appointed, in respect of the conveyance or release of lands which shall be sold in conformity herewith, shall be as valid and effectual, to all intents and purposes, if the same be within the scope of the authority so given to such agent and attorney, as if the same were executed in person by the Trustee or Trustees appointing him; provided that every such power of attorney may be revoked at the pleasure of the Trustee or Trustees giving the same, and that any agent or attorney, so appointed, may be removed at the pleasure of his principal. And every deed or instrument appointing or removing any such agent and attorney shall be executed in duplicate, and one of such duplicates, or a duly certified copy thereof, shall be registered in the office of the registrar of deeds for the portion of the Province or territory embracing the lands in relation to which the said agent or attorney shall assume to act as such.

ARTICLE SEVENTH.—The Trustees may allow reasonable compensation to such persons, clerks and assistants as they may deem it necessary to employ, and unless the Company is in default in respect of interest, they may also, in their discretion, allow to the Company such compensation for clerks and assistants as they may deem it necessary or proper for the Company to employ, in respect

of the sale of said lands as herein provided, and of the preparation of contracts respecting them, and of releases and conveyances thereof, if the interest arising from uncompleted sales and paid to the Company shall be insufficient to meet the interest on the issue of bonds hereby secured and the necessary compensation aforesaid, and the Trustees may deduct out of the proceeds of lands so sold the amount sufficient to defray such expenses; provided always that the holders of the bonds hereby secured shall not, nor shall the trustees, become or be in any way whatever personally responsible for or in respect of any such liabilities or expenditure.

ARTICLE EIGHTH—The said lands, and the net proceeds of the price thereof on any and all sales made in conformity with the provisions of this instrument, are hereby inviolably pledged to the payment of the principal of the bonds hereby secured, and the redemption thereof, in the manner hereinafter mentioned, subject always, however, to the previous redemption and payment of the said balance of outstanding land grant bonds; and, after such redemption and payment, the net proceeds of the sales of the said lands shall from time to time be paid over to the Government, and shall, together with such other sums as the Company may elect to pay for that purpose, constitute a fund to be set apart and held by the Government exclusively for the purpose of satisfying the principal of the said bonds; and on the money thus set apart, which is not to exceed an amount sufficient to redeem the outstanding bonds of the issue hereby secured, the Government shall pay to the Company half yearly, on the first day of the months of July and January in each year, interest at the same rate as that carried by the said bonds, namely, three and one-half per centum per annum, the same to be applied towards satisfying interest as it shall mature on the said bonds. But if the Company shall at

any time make default in the payment of any interest which may become due on any of the said bonds, then, if required by the Government, the Trustees shall thereafter pay over to the Government all interest which may be collected, under uncompleted sales, upon the price of lands sold, as well as the principal realized from the sales thereof, and the Government shall allow on the amount of such payments while remaining in its hands interest at the said rate, and shall apply all of such additional payments and the interest thereon, as well as all interest accrued on the said principal fund, towards satisfaction of the interest on the said bonds.

As soon as the aggregate amount of the said fund in the hands of the Government shall equal the principal of all bonds of the said issue then outstanding, then the Company may pay into the said fund also a sum sufficient to cover the interest, if any, up to that time, and thereupon the said mortgage shall be discharged and the Government shall assume and pay all interest which shall thereafter become due on the said bonds, as well as the principal of the said bonds at maturity, and the Company shall be thereafter forever freed from any liability in respect of such principal or interest; nothing herein contained to be construed as making the Government liable at any time to pay any part of the principal of the said bonds, except in so far as the Company shall have provided it with a fund for that purpose in the manner hereinbefore specified.

ARTICLE NINTH—If the fund to be created as aforesaid for the satisfaction of the principal of the said bonds be insufficient for that purpose, and if after the maturity of such principal any part of it be in arrear, then the Trustees may serve a written demand on the Company, requiring payment of whatever sum may be so in arrear, or of any part thereof, within one month after the service

of such notice, and if at the end of three months from the expiration of the said one month the default mentioned in the said notice shall continue in whole or in part, the Trustees shall thereupon be entitled to enter forthwith into possession of all or any of the said lands then remaining unsold, and to sell, lease or otherwise deal with or dispose of the same or any part thereof as to them may seem meet, as fully as the Company could have done if it had not made such default—the Company being entitled until such default to retain possession of all unsold lands and of the rents, issues and profits thereof.

ARTICLE TENTH.—A sale, lease or other disposition of any of the said lands by the Trustees in the manner above specified shall be as effective for all purposes as if it had been made by the Company and confirmed by the Trustees according to law. And any person who shall acquire from them any of the said lands by sale, lease or otherwise shall not be bound to see to the application of any money which he may pay for the purpose of so acquiring such lands.

ARTICLE ELEVENTH.—The Trustees shall be entitled, from time to time, and at all times, to deduct from the proceeds or other the rents, issues and profits of the sale, lease or other disposition of the said lands or any part thereof before the application thereof to any other purpose, all just allowances for their expenses attending the execution of the said trusts, and all payments for taxes or other charges or liens on the said lands or any part thereof which shall have been necessary or expedient to be satisfied, as well as reasonable compensation for their own services, to be fixed from time to time by the Directors of the Company, subject to the approval of the Governor-in-Council; this provision for compensation for services not to apply to the minister named by the Government as one of

the Trustees, it being intended that he shall receive no compensation for his services as such Trustee; and if after satisfaction of the principal of the said bonds and of the accrued interest thereon under the powers given in the ninth article of these presents a surplus shall remain in the hands of the Trustees, they shall hand over such surplus to the Company, unless the Company shall be then indebted to the Government on account of interest paid as surety under the said guarantee, in which case the Government shall be entitled to be reimbursed any such outlay and interest thereon at the rate aforesaid before any surplus be paid to the Company.

ARTICLE TWELFTH.—The Trustees may exercise the powers herein conferred upon them either in the manner hereinbefore provided, or by a suit or suits in equity or at law, in aid of the execution of such powers, or otherwise, as they, being advised by counsel learned in the law, shall deem most effectual for that purpose; it being understood, and hereby expressly declared, that the rights of entry and sale hereinbefore granted are intended as cumulative remedies, additional to all other remedies allowed by law; and that the same shall not be deemed in any manner whatsoever to deprive the Trustees, or the beneficiaries under this trust, of any legal or equitable remedies by judicial proceedings, consistent with the provisions of these presents, according to the true intent and meaning thereof. Provided always, and it is hereby expressly declared and agreed, that no holder of bonds secured hereby, shall have the right to institute any suit or proceeding, at law or in equity, for the recovery of the bonds held by him or of the interest thereon, or for the foreclosure of this indenture, or the execution of the trusts thereof, without first giving notice in writing to the Trustees, of default having occurred, and requesting them, and affording them a reasonable time, to institute

such suit or proceeding in their own names, or to proceed to exercise the powers hereinbefore granted ; and offering to them adequate indemnity against the costs and expenses of such suit or proceeding ; and such notification, request, and offer of indemnity are hereby declared to be conditions precedent to any action by any bondholder for any of the purposes aforesaid. And if upon the performance of such conditions precedent, the Trustees shall proceed to exercise their powers under these presents no bondholder shall have the right to institute any suit or proceeding for the purposes aforesaid.

ARTICLE THIRTEENTH.—The word Trustees, whenever used in this indenture, is intended to refer to and describe, and the same shall in all cases be construed to mean, the person or persons, who for the time being shall be charged with the execution of the trusts of these presents, whether such persons be the said parties of the second part or any or either of them, or successors, or a successor, under the provisions hereof, of said parties of the second part, or of any or either of them ; or be composed partly of the person or persons named herein, and partly of the successor or successors of a person or persons named herein. And it is hereby agreed that the majority of the Trustees may validly do any act or thing on behalf of the three Trustees provided that while a Minister of the Crown is a Trustee he shall be one of the acting majority. And in case of a vacancy or vacancies in the said trust, the surviving or continuing Trustee or Trustees shall be competent, until the appointment of a new Trustee or Trustees to fill such vacancy, to exercise any and all powers and authorities hereunder, herein granted to the Trustees. And each of the Trustees, except as aforesaid, shall be entitled to reasonable compensation for any and all services which may hereafter be rendered by him in said trust, to be fixed as aforesaid, which compensation

the Company hereby promises and agrees to pay ; but in case the Company should make default in such payment, the same may be retained by the Trustees, and paid out of any trust moneys coming into their hands ; and such reasonable sum as shall be so retained and paid, shall, unless the Trustees be then in possession of said premises, become and be a lien upon the said premises, and secured by the trusts of this indenture, to be paid by the Company with interest.

ARTICLE FOURTEENTH.—It is further agreed that the Trustees shall not be in any manner whatever, responsible for the default or misconduct of any agent or attorney, appointed pursuant to these presents, if such agent or attorney be selected with reasonable care or for anything whatever, in respect of the premises or of the trusts hereby created, except personal misconduct or gross negligence in the execution of said trusts.

ARTICLE FIFTEENTH.—It is further agreed that the Trustees or any of them, may resign the trust hereby created, and be discharged from all further duty thereunder, upon giving to the Company three months notice in writing, or upon such shorter notice as the Company may accept as sufficient : and also that the Trustees, named by the Company, may be removed from office by a resolution of the holders of the said bonds, who shall be present or represented at any meeting of bondholders duly called and held as herein provided, at which a majority in interest of such bondholders shall be present or represented ; such removal being attested by an instrument in writing, under the hands and seals of the persons voting in favor of such removal. The Minister holding office as a Trustee, shall cease to be a Trustee upon ceasing to be a Minister of the Crown for Canada, or he may be removed by the Government, and

another may be appointed in his stead. And in case at any time hereafter the Trustees, or any of them, or any Trustee hereafter appointed, shall die, or resign, cease to hold office, or be removed as herein provided, or by a court of competent jurisdiction, or shall become incapable or unfit to act in the said trust, a successor to such Trustee may be appointed in the same manner as that in which the Trustee whom he succeeds was appointed to that office.

ARTICLE SIXTEENTH.—In case any Trustee hereunder shall cease to hold that office from any cause whatever, all powers and authorities hereby vested in him, shall, upon the appointment of his successor, by force of these presents, and without any further assurance or conveyance, become vested in such successor; and such successor shall be entitled to exercise any and all powers and authorities which such Trustee so ceasing to hold office, was vested with, or entitled to exercise at the time of vacating said office; but, nevertheless, the Trustee so ceasing to hold office, shall, if competent so to do, and so required by a majority in interest of the bondholders, or by the new Trustee who may be appointed, execute, acknowledge and deliver to him a good and sufficient deed or other instrument, vesting in him all the powers and authorities which were possessed by his predecessor in said trust as aforesaid, under or by virtue of these presents; provided nevertheless, that if after reasonable exertions to procure the appointment of a new Trustee such appointment shall be inconveniently or unreasonably delayed; and such vacancy in the trust shall continue for the period of ninety days after the existence of the same shall have been made known to the Company; it shall be competent for any holder or holders of said bonds, to the amount of not less than one-fifth part in interest of all of such bonds then outstanding, to apply to the Chief

Justice or any one of the Judges of the Supreme Court of Canada, for the appointment of a new Trustee to fill such vacancy, upon such reasonable notice to the Government and to the Company, as such Chief Justice or Judge, shall prescribe. And any Trustee lawfully appointed upon such application, shall become vested with the same powers and authorities, and shall be subject to the same responsibilities, and to the performance of the same duties, as if appointed in any of the modes aforesaid.

ARTICLE SEVENTEENTH.—Whenever and as often as a contingency shall arise in which the action of a majority in interest of the holders of the bonds secured hereby shall be necessary, or in which the bondholders are herein declared to have any discretionary voice or power, it shall be the duty of the Trustees, and they shall be and hereby are authorized and required, to call by advertisement a meeting of all the holders of bonds secured hereby, to be held in the City of London (the expense whereof shall be a liability of the Company hereunder, and may be defrayed if necessary in the first instance from the trust funds;) and such advertisement shall contain a description of the purpose for which such meeting is called, and shall be published three times in each week for six weeks, in at least two daily newspapers in the said Cities of Montreal and London; or such meeting may be called in such other manner as may be prescribed for the convening of meetings of bondholders, pursuant to the provisions of this instrument; and in default of such meeting being called by the Trustees or a majority of them, within thirty days after notification in writing to them by any bondholder, of the necessity therefor, it shall be competent for any holder or holders of said bonds, to the aggregate amount of two hundred thousand pounds, to call such meeting in the manner aforesaid; and at all

such meetings, the holders of said bonds, present or represented at such meeting, in person or by proxy, shall be competent to exercise all the powers and authority conferred upon the Bondholders by these presents; provided that until otherwise provided, pursuant to the provisions of this instrument in that behalf, a majority in interest of the holders for the time being, of outstanding Bonds shall be required to constitute a quorum at any such meeting, and the concurrence of two-thirds in interest of the bondholders present or represented at such meeting, shall be necessary to give validity to any resolution passed at such meeting.

ARTICLE EIGHTEENTH.—Meetings of bondholders for any of the purposes which they are authorized by these presents to regulate by resolution, may be called in the manner herein provided, or in such mode as may be fixed by regulations prescribed or established by them; and such bondholders may vote at such meetings in person or by proxy, each one hundred pounds in nominal value of such bonds entitling the holder thereof to one vote; and the quorum may be defined, and such other regulations or bylaws in respect of such meetings, may be from time to time established, altered, or repealed by the bondholders, as to them shall seem expedient. But no subject, matter or thing which is not mentioned in the notice calling such meeting, shall be dealt with or disposed of at such meeting. And any act or resolution of the bondholders affecting the duties or position of the Trustees, or of any of them, shall be authenticated by an instrument signed and sealed by all the persons assenting thereto, as well as by a minute of the proceedings of the meeting, authenticated by the signatures of the Chairman and Secretary thereof.

ARTICLE NINETEENTH.—In the event of default being

made by the Company in the payment of any interest of any bond when due, and of the Government paying the same as guarantor thereof: the Government shall hold, possess, and exercise all the rights and remedies in respect of such interest as any holder of the bond or bonds in respect of which such interest became due would have had in case it had remained in his hands unpaid.

ARTICLE TWENTIETH.—The Company shall hereafter keep at the office of its said agents, in the city of London, an appropriate book for the enregistration of bonds hereby secured, and every holder of such bonds shall be entitled to have his name and address and the numbers of any of the bonds held by him entered in such register, upon presenting at the said office a written statement of the said particulars signed by himself, or by his duly authorized agent, and producing the bonds. The registration of the name and address of each bondholder and the number of the bonds by him held, upon such book, shall be evidence of the right of such person so registered to vote as a bondholder, or to do any other act which by these presents a bondholder is entitled to do, in respect of the bonds so registered; and every registration of the ownership of any bond shall be properly certified on such bond. The trustees shall have free access at all reasonable hours and times to such bond registry, and on their request in writing, from time to time, not exceeding once in each year, they shall be furnished by the Company with a copy thereof.

ARTICLE TWENTY-FIRST.—The Company shall at all times keep at its principal office, a record of all the sales of lands which shall be made as aforesaid, and of the price paid for the same, and the manner in which the purchase money shall have been paid or secured, which record shall at all reasonable hours and times be open to the in-

spection of the trustees, with the right to make a copy therefrom. And it shall be the duty of the Trustees to deposit from time to time all sums of money coming into their hands, possession, or control, under the provisions herein contained, in some chartered bank of the Dominion of Canada pending the disposition thereof according to the terms hereof.

ARTICLE TWENTY-SECOND.—If the Company shall well and truly pay the principal of each and every of the bonds secured by this instrument, when the same shall become payable, and all interest thereon, as such interest shall from time to time mature, and all interest in default, as hereinbefore provided; and shall well and truly do and observe every other matter and thing provided for or mentioned in these presents, to be by it done and observed; or if at any time by the proceeds of the sale of lands or otherwise, the fund in the hands of the Government for the payment of the said bonds shall be sufficient to pay the same in full, in capital and of interest up to that time: then and in either of such cases all the estate, right, title and interest of the Trustees, shall cease, determine, and become void, otherwise the same shall remain in full force and virtue. And upon any such determination of such interest, the Trustees shall execute such reconveyance and re-assignment of the premises as may be necessary or expedient.

ARTICLE TWENTY-THIRD.—And the Company in consideration of the premises, and of one dollar to it duly paid by the Trustees, the receipt whereof is hereby acknowledged, hereby covenants and agrees to and with the Trustees, that whenever and as often as the Company, its successors or assigns, shall hereafter receive any conveyance from the Government of Canada, of any lands forming a part of the said land grant, the Company shall

and will acquire, possess, and hold the same, and every part and parcel thereof, upon and subject to the trusts of this indenture, until conveyance thereof in pursuance of the covenant next hereinafter contained, shall be duly made and delivered to the Trustees ; and will duly pay all taxes and assessments which shall become lawfully due and payable thereon while such land shall remain in its possession, to the entire exoneration and discharge of the Trustees.

ARTICLE TWENTY-FOURTH.—And the Company hereby covenants and agrees to and with the Trustees, that the Company shall and will, from time to time, and at all times hereafter, and as often as thereunto requested by the Trustees under this indenture, execute, deliver, and acknowledge all such further deeds, conveyances, and assurances in the law, for the better assuring unto such Trustees, upon the trusts herein expressed, the lands hereby granted or conveyed, or agreed to be granted or conveyed to the Trustees, as by them or their counsel learned in the law, shall be reasonably advised, devised or required.

ARTICLE TWENTY-FIFTH.—The Trustees do hereby accept the trust herein contained, and do hereby undertake and agree to fulfil all the duties and obligations hereby imposed upon them, in accordance with the true intent and meaning of these presents.

AND THE GOVERNMENT hereby covenants to and with the other parties hereto and with each of them that it will guarantee, and it does hereby guarantee, the payment of the interest on the said bonds and inscribed stock up to the first day of July, A.D. 1938 ; and unless such interest be punctually paid by the Company, the Government will pay the same ; and, further, that as soon as the aggregate amount of the fund herein before referred to in

Article eighth as one to be constituted for that purpose in the hands of the Government shall equal the principal of all bonds and inscribed stock of the said issue then outstanding, the Government will thereupon assume and will pay at maturity the principal of the said bonds and inscribed stock.

And it is hereby further mutually agreed between the parties hereto that, notwithstanding the provision in Article eighth, if, after full payment of principal and interest to bondholders as aforesaid, there shall be any indebtedness from the Company to the Government on account of interest paid by the Government under the said guarantee, the Company shall forthwith reimburse the Government all amounts so paid, together with the interest thereon, at the rate of three and one-half per centum per annum, from the respective times at which the Government shall have paid the same, and that the Trustees shall thereafter hold the title to the said lands by virtue of these presents as Trustees for the security of the Government in respect of such indebtedness and the interest thereon as aforesaid; and in addition to any other remedies allowed by law to the Government, the Trustees are hereby empowered for the enforcement of such security to proceed in the manner specified in Article ninth of these presents, and to take all such proceedings for the satisfaction of such indebtedness to the Government as they could have taken under that article in case any portion of the principal of the said bonds and inscribed stock had remained unpaid to the holders thereof; and the Company shall not be entitled to a reconveyance of the said lands or any part thereof from the Trustees until the Company shall have satisfied in full the principal and interest of the said bonds and inscribed stock as it became due as aforesaid, or, if any part of such interest shall have been paid by the Government, until it

shall also have reimbursed the same to the Government, with interest thereon as aforesaid.

And the Company hereby covenants with the Government to reimburse any such sums as the Government shall at any time pay as surety as aforesaid, with interest thereon as above mentioned.

IN WITNESS WHEREOF, the Company has caused to be set hereto its corporate seal and the signatures of Sir George Stephen, its President, and of Charles Drinkwater, its Secretary; and the Trustees have hereunto set their respective hands and seals, and the Government has caused to be set hereto the seal of the Department of Railways and Canals and the signature of the Honorable John Henry Pope, the Minister thereof.

Signed sealed and delivered in presence of

(Sd.)

GEO. M. CLARK

As to execution by the Company, the Government and Messrs. ABBOTT and ANGUS,

And in presence of (Sd.)

C. DRINKWATER,

As to the signature of Hon. GEO. E. FOSTER.

(Signed) GEO. STEPHEN,
President.

" C. DRINKWATER,
Secretary.



" GEO. E. FOSTER. 

" J. J. C. ABBOTT. 

" R. B. ANGUS. 

" J. H. POPE.

